

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4353
October 24, 2002

R E S O L U T I O N

**(RES. W-4353), LITTLE BEAR WATER COMPANY (LBWC).
ORDER AUTHORIZING A SURCHARGE TO RECOVER AN
UNDERCOLLECTION IN ITS PURCHASED POWER
BALANCING ACCOUNT PRODUCING AN INCREASE IN
ANNUAL REVENUE OF \$12,463 or 3.81%.**

SUMMARY

By Advice Letter No. 38, filed on July 2, 2002, LBWC seeks revision of its tariff Schedule Nos. 1-LC and 1-UC, Metered Service, to provide an increase in revenues of \$12,463 or 3.81%. This increase is a result of increased costs for purchased power for Pacific Gas & Electric (PG&E) power emergency charges through November 29, 2001 and were not included in LBWC's rates which were in effect on January 5, 2001. LBWC's present rates became effective on January 2, 2002, pursuant to Resolution (Res.) W-4311, dated December 11, 2001, which authorized a general rate increase. This offset rate increases will not result in a rate of return greater than that authorized by Res. W-4311.

BACKGROUND

LBWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset \$12,214 increase in purchased power costs and \$249 in related increase in franchise taxes. The purchased power increase became effective by Commission Decisions (D.) 01-01-018, D.01-03-082 and D.01-05-064, which authorized PG&E surcharges.

LBWC serves approximately 628 metered customers mainly in Pine Canyon and vicinity, located approximately 3 miles southwest of King City, County of

Monterey. The present rates of LBWC became effective on January 2, 2002, pursuant to Res.W-4311, which authorized a general rate increase of \$59,400 or 22.2%. The resolution authorized a 12.25% rate of return for LBWC. The requested balancing account balance of \$12,463 for purchase power was not covered by the rates authorized in Res. W-4311. LBWC's Earnings Test for the calendar year 2001 shows that the company's rate of return is 12.15%. Therefore, it is not over earning on an actual basis.

DISCUSSION

Effective January 4, 2001 and March 27, 2001, PG&E purchased power surcharges increased this expense by one cent per kilowatt-hour (kWh) and three cents per kWh, respectively, pursuant to D.01-01-018 and D.01-03-082.

Additionally, effective June 1, 2001, pursuant to D.01-05-064, PG&E rates were increased by an average six cents per kWh for summer consumption and an average three and a half cents per kWh for winter consumption for rate schedules A-1, A-6, and A-10. These PG&E surcharges have resulted in an additional \$12,463 increase in purchased power costs for LBWC during 2001, which were not covered by the rates authorized in Res. W-4311.

The increases in PG&E's purchased power costs are directly related to water consumption and therefore shall be applied to quantity rates. In order to recover the higher costs, LBWC will incorporate a quantity surcharge of \$0.104/Ccf (one Ccf is equal to one-hundred cubic feet) for Upper Canyon customers and \$0.075/Ccf for Lower Canyon customers, for a period of 12 months from the effective date of Advice Letter No. 38. The bill for an average residential Lower Canyon customer using 20 Ccf of water per month with a 3/4-inch meter will increase from \$39.33 to \$40.83, or \$1.50 or 3.81%. The bill for a residential Upper Canyon customer using 20 Ccf of water per month with a 3/4-inch meter will increase an average \$2.08 per month or 3.52%.

Service is satisfactory. LBWC is in compliance with all Commission orders.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in the The King City Rustler, Greenfield News, Soledad Bee, and Gonzales Tribune, newspapers of general circulation, on July 3, 2002, as evidenced by proof of publication provided to the

Water Division by the utility. There were no protests concerning the proposed offset increase.

FINDINGS

The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Little Bear Water Company is authorized, five days after the effective date herein, to make effective revised Schedule No.1-LC and Schedule No. 1-UC, Metered Service, attached to Advice Letter 38, and to cancel the corresponding presently effective rate schedules.
2. Little Bear Water Company is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on October 24, 2002; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

HENRY M. DUQUE

CARL W. WOOD

GEOFFREY F. BROWN

MICHAEL R. PEEVEY

Commissioners